

MEMORANDUM

To: Water Advisory Committee

March 27, 2014

From: Chris DeGabriele, TAC Chairman *CD*

Subj: Accept SCWA Water Shortage Allocation Methodology Update
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RECOMMENDED ACTION: WAC Accept the SCWA Water Shortage Allocation Methodology Update

Attachment 1 is the Water Shortage Allocation Methodology Preface Statement from the Water Shortage Allocation Methodology Report prepared for Sonoma County Water Agency by Brown and Caldwell. As stated in the preface statement, the Technical Advisory Committee has been working with SCWA and its consultants since September 2012 on an update of the allocation model. Section 3.5 of the Restructured Agreement requires that SCWA have an adopted Water Shortage Allocation Model available at all times.

At the February 3rd WAC meeting, the WAC and TAC members received a presentation from the consultant on the model.

This model is for a water shortage in the Russian River, not a shortage of Transmission System Capacity. The model is divided into two components: 1) for annual shortage, and 2) for a peak or monthly shortage.

The model as currently established includes recognizing local supplies at 75% of the respective estimated annual quantity and daily capacity and limits Marin Municipal Water District daily capacity allocation to 4MGD from May 1st through September 30th, approximately consistent with their off peak water supply agreement.

It's understood by the parties that available quantities and capacities for local supply will be dependent on circumstances which occur during an actual shortage and the parties have agreed that the model will be adjusted coincident with any actual shortage to reflect the local supply that may be available at that time. The 3-year averages used in developing the model will be updated with the latest available information prior to implementation. The parties have committed to use the maximum local supply capacity available during monthly shortage conditions to benefit local and regional water supply reliability.

The available quantities and capacities of SCWA supply in this model update reflect a 3% allowance for transmission system losses, something that was not included in the prior version circa (2006) of the allocation model. The preface statement recommends that these

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water loss amounts be verified subsequent to actual deliveries and that the actual transmission system losses be distributed prior to application of any liquidated damages.

Finally, the Restructured Agreement enables the Water Contractors to agree on an alternate allocation methodology provided the WAC unanimously approves such alternate allocation.

At the March 3rd TAC meeting the City of Petaluma raised concerns regarding demand hardening application in the model for entities with “water-centric” industries (breweries and bottling companies). The TAC did accept the updated methodology as now configured for a period of 7 months with an automatic extension through June 2016, wherein Petaluma’s concerns will be investigated. My understanding is that the Agency will consider this “qualified” acceptance as the alternate allocation methodology. Considering the current water year and water shortage conditions, the shortage allocation methodology update may be needed at some point within this qualified period and the TAC recommends the WAC also accept the updated methodology.

Recommendation

WAC accept the SCWA Water Shortage Allocation Methodology Update for a period of 7 months with an automatic extension through June 2016 with the understanding that within this time the TAC and SCWA will investigate the City of Petaluma’s concerns.

Allocation Model Preface Statement

January 29, 2013

Since September 2012, the Technical Advisory Committee (TAC) has been working with Sonoma County Water Agency (Agency) and its' consultant on an update of the Allocation Model (AM) which was originally prepared by Jon Nelson in April 2006 and adopted by the Agency's Board of Directors on April 18, 2006. The Restructured Agreement for Water Supply (RA) requires the Agency to have an adopted water shortage allocation methodology available at all times, consistent with RA Section **3.5 Shortage of Water and Apportionment**, to inform each Customer of the water that would be available to that Customer pursuant to the terms of RA Section 3.5(a). The methodology is reflected in an excel spreadsheet calculation which distributes available supply or available capacity to the Water Contractors, Marin Municipal Water District (MMWD) and Other Agency Customers. To date an Ad Hoc committee of the TAC has reviewed, commented and recommended changes to the proposed AM update for both Annual Allocation and Monthly Allocation Models for water available in the Russian River (RA Section 3.5(a)). Neither the TAC nor the Agency has yet dealt with the methodology or model to consider a temporary impairment of the capacity of the Transmission System pursuant to RA Section 3.5(b).

The TAC recommendations, now incorporated in the AM update, include recognizing local supplies at 75% of the respective estimated annual quantity and daily capacity and is based on a MMWD daily capacity allocation of 4MGD from May 1 through September 30. The parties acknowledge that the available quantities and capacities for local supply will be dependent on circumstances occurring from time to time during an actual shortage condition and agree that the AM will need adjustment coincident with the actual shortage to reflect the local supply at that time as was done in 2009. The parties are committed to use the maximum local supply capacity available during monthly shortage conditions to benefit local and regional water supply reliability.

The parties acknowledge that the available quantities and capacities of Agency Supply in the AM reflect a 3% allowance for Transmission System Losses and recommend that these amounts be verified subsequent to actual deliveries and the actual Transmission System losses be distributed prior to application of liquidated damages pursuant to Section 3.5(e) of the RA.

Furthermore, RA Agreement Section 3.5(f) enables the parties to agree on an alternate allocation methodology, provided the Water Advisory Committee unanimously approves such alternate allocation methodology.